



# Europe India Chamber of Commerce

## Newsletter

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October-November 2012

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### Chamber holds discussion with Ernst & Young

Chamber's Secretary General on 26 October held discussion with top brass of Ernst & Young in Belgium to invite them to join the Chamber's membership and also accept Chamber's invitation to join as Knowledge Partner for the EICC Study Report likely to be titled "Role of Indian Multinationals in Creating jobs and Economic Growth in Europe". The Report will be commissioned in January 2013.

The Secretary General informed the E&Y the background and objectives of the proposed Study Report and conveyed that the Report will illustrate the concerns faced by forward-looking business leaders in Europe and India to help policy makers to take right measures to address the economic and social aspect, and specifically on the issue of contribution of Indian MNCs in Europe's economic development. The Secretary General informed them that the objectives of the Study Report will no way identify the policy lines faults in the EU countries, no way it will use it as a lobby document but will bring the issues in focus when it comes to EU-India trade and economic relations and why European business leaders and governments should welcome Indian investment in EU, and also why it is important to make the EU-India economic cooperation "inseparable" under the current economic environment. The E&Y have shown considerable interest with the proposed Study Report. If E&Y decide to join as Knowledge Partner, they are expected to add their input given that they have expertise and knowledge on the issues that the Report will focus. The Secretary General also conveyed to the E&Y that the purpose of the report is to present an objective and independent expert evaluation of the state of Indian investment in Europe and the importance of economic cooperation between EU and India. There is a strong possibility that E&Y will also join EICC as a Corporate Member. With E&Y brand as Knowledge Partner, it will add value and respectability to the Report. The Study Report is designed to aid policy-makers in making and implementing well-informed decisions; it aims to increase the openness, transparency and investment attractiveness for Indian companies in Europe. The author of the Report Adith Charlie has communicated to the Chamber that the Draft Report will be ready by the end of November for review.

### India has grown more business friendly

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Editor: **Secretary General**

The regulatory environment in India has become more investor-friendly and the country has been leading South Asia in providing a better environment for local entrepreneurs, a new report by IFC and World Bank has said. India has implemented a total of 17 institutional or regulatory reforms over the past eight years, making it easier for entrepreneurs to do business, the 'Doing Business 2013' report said.

Globally, Singapore tops the global ranking on the ease of doing business for the seventh consecutive year, followed by Hong Kong SAR, China, New Zealand, the United States, Denmark, Norway, the United Kingdom, the Republic of Korea, Georgia and Australia. Singapore continues to provide the world's most business-friendly regulatory environment for local entrepreneurs. The Republic of Korea is among the top 20 in the global ranking on the ease of doing business and Mongolia is the Asian region's top improver for the year in this year's 'Doing Business' report.

The report 'Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises', released today, finds that 23 economies in East Asia and the Pacific have made their regulatory environment more business-friendly. China made the greatest progress in improving business regulations for local entrepreneurs, according to the report.

The report finds that 11 out of 24 economies in East Asia and the Pacific improved business regulations between from June 2011 and June 2012. During the period, India established strict time limits for pre-construction approvals, reducing the time needed to process permit applications, it noted.

Since 2005, the report finds that India has been the most active economy in the region to make dealing with construction permits easier for local firms "India stands out in the region as the economy that has improved its business regulations the most since 2005," said Augusto Lopez-Claros, director, global indicators and analysis, World Bank Group.

"After establishing its first credit bureau in 2004, India focused mostly on simplifying and reducing the cost of regulatory processes in key areas such as starting a business, paying taxes, and trading across borders. These efforts notwithstanding, further progress is needed in coming years to release the vast potential of India's private sector."

The 'Doing Business 2013' report, which covers the period from June 2011 to June 2012 and which uses data for indicators that measure regulation affecting 10 key areas of the life cycle of local businesses, finds that Mongolia eliminated the minimum capital requirement for establishing a local limited liability company, guaranteed the right of borrowers to inspect their own credit data, and enacted new legislation to strengthen disclosure requirements for related-party transactions.

'Doing Business' analyses regulations that apply to an economy's businesses during their life cycle, including start-up and operations, trading across borders, paying taxes, and protecting investors. The aggregate ease of doing business rankings are based on 10 indicators and cover 185 economies.

'Doing Business', however, does not measure all aspects of the business environment that matter to firms and investors. For example, it does not measure the quality of fiscal management, other aspects of macroeconomic stability, the level of skills in the labor force, or the resilience of financial systems.

#### **India IT spending to reach \$71.5 billion in 2013**

Information Technology spending in India is projected to total \$71.5 billion in 2013, a 7.7 per cent increase from the \$66.4 billion forecasted for 2012.

The telecommunications market is the largest IT segment in India with spending for IT forecast to reach \$47.8 billion in 2013, followed by the IT services market with spending of \$10.3 billion, according to a study by research and analyst firm Gartner.

"India like other emerging markets continues exercising strong momentum despite inflationary pressures and appreciation of local currencies, which are expected in rising economies," Peter Sondergaard, senior vice president and global head of research at Gartner said.

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Editor: **Secretary General**

The telecommunications market is the largest IT segment in India with IT spending forecast to reach \$47.8 billion in 2013, followed by the IT services market with spending of \$10.3 billion. The computing hardware market in India is projected to reach \$9.5 billion in 2013 and software spending will total nearly \$4.0 billion. Software will record the strongest revenue growth at 15 per cent, IT services will grow at 12 per cent. The telecom segment, which accounts for 67 per cent of the Indian information and communications technology market, is set to grow at 7 per cent revenue growth in 2013. "Businesses are increasingly looking to IT to help support the challenges of enhancing customer support, supply chain management, optimising business processes or helping drive innovation in the business," Sondergaard said.

"These demands are being placed on IT in an environment in which the infrastructure (hardware and software) foundation of IT within many enterprises may not be entirely in place. IT is also in transition from being viewed as a back-office support function to a frontline business-focused function," he added.

"The hardware segment will account for 14.1 per cent of all IT spending in India by 2016, driven by positive contributions from the storage and the client computing segment," said Partha Iyengar, head of research – India, at Gartner. "Mobile phones will continue to be the fastest growing space within the Indian IT market. During the same time period, this segment will also account for nearly 42 per cent of all telecommunications revenue in India, and it will also account for nearly 26 per cent of the overall IT spending."

While IT is the primary driver of business growth, concerns around the economic slowdown are gathering strength and are a matter of concern.

India IT End-User Spending Forecast, 2012-2016 (US\$ Billions)

	2012	2013	2014	2015	2016	CAGR (2012-2016) %
Hardware	9.1	9.5	10.9	12.5	14.3	7.5
Software	3.5	4.0	4.5	5.2	6.0	11.4
Services	9.2	10.3	11.9	13.8	16.1	8.9
Telecom	44.7	47.8	51.5	54.6	59.5	3.6
Total	66.4	71.5	78.9	86.2	95.9	5.3

*Source: Gartner (October 2012)*

#### **Infosys, TCS among world's 50 most innovative firms: Forbes**

Five Indian companies -- Larsen & Toubro, Hindustan Unilever, Infosys, TCS and Sun Pharma -- have made to a list of the world's 50 most innovative firms, with the engineering giant L&T ranking among the top-ten.

While the global list, released by US-based business magazine Forbes, is topped by IT firm Salesforce.com, Indian major L&T is ranked 9th worldwide, followed by HUL (12th), Infosys (19th), Tata Consultancy Services (29th) and Sun Pharma (38th) among the Indian companies. In the overall list, Salesforce.com is followed by Alexion Pharmaceuticals, Amazon.com, software firm Red Hat and China's Baidu, Intuitive Surgical, Japanese internet retail firm Rakuten, Edward Lifesciences, L&T and ARM Holdings.

American companies dominate the top-10 group with seven positions, while there are one each from China, Japan and India. However, some of the Indian firms, such as L&T, HUL and Infosys, have been ranked higher than global giants like Starbucks (21st), Estee Lauder (23rd), Google (24th), Danone (25th), Apple (26th), P&G (27th) and Diageo (33rd).

Forbes said that the list has been compiled on the basis of "innovation premium" offered by the companies -- measured by how much investors have bid up the stock price above the value of its existing business based on expectations of future innovative results (new products, services and markets).

Only those companies have been considered for the ranking that have a minimum market capitalisation of \$10 billion, have spent at least 2.5 per cent of revenue on research and development and have seven years of public data.

### Drug patents on the rise: 3,488 in 5 years

For those who say India is a country of generic drugs, this could be a revelation. India granted as many as 3,488 patents to pharmaceutical products between 2005 and 2010.

Compare India's pharma patent number with that of Brazil, another BRIC (Brazil, Russia, India and China) nation, in a similar time band. A research paper, "Pharmaceutical Innovation, Incremental patenting and Compulsory Licensing" by Carlos M Correa, a professor at University of Buenos Aires, points out that just 278 patents were granted in Brazil between 2003 and 2008. In 2005 India started granting patents in medicines

According to the same paper, 951 pharma patents were granted in Argentina between 2000 and 2007; and 439 were approved in Colombia between 2004 and 2008. However, in South Africa, where patents are simply registered without much verifications and patentability requirements, 1,426 were registered in 2008 alone, the paper added.

PATENTLY AHEAD		
Period	Country	Pharma patents granted
2005-10	India	3,488
2000-07	Argentina	951
2003-08	Brazil	278
2004-08	Colombia	439
2008 alone	South Africa	1,426

Source: Research paper by Prof Carlos M Correa

While data reveals patentability has encouraged local drug innovation in India, experts suggest the country needs stricter checks and balances to prevent incremental innovation.

It was in 2005, India changed its patent law and started granting patents in medicines. That year, only three pharma patents were granted. The number rose to 113 in 2006 and 772 in 2007. The trend continued with as many as 1,369 patents being approved in pharma in 2008 and 1,046 in 2009, as per the Indian patent office.

Experts attribute this significant change in the patent regime to entry of product patents. According to an intellectual property right (IPR) lawyer, India granted as many as 970 pharmaceutical product patents between 2007 and 2011.

In 1994, India, along with various other developing countries, signed the World Trade Organisation's (WTO) agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) which mandated it to start granting patents on medicines no later than 2005. Unlike many countries, India used the transitional period provided in the agreement to the full. It changed its patent law only in 2005 to comply with the TRIPS agreement and started granting patents to drugs.

The change in the intellectual property scenario has also triggered significant shifts in India, particularly in the pharma sector. While research and development activities have substantially increased with various domestic companies investing to develop new chemical entities, Correa points out the large number of grants can only be explained by patents over incremental innovations.

The concerns, therefore, have also raised debates on interpretation of provisions like section 3 (d) of the Indian Patent Act which prevents patenting of frivolous and incremental innovations. A current case in the Supreme Court, between Swiss drug maker Novartis and the government along with a host of generic drug makers, is revolving around interpretation of this provision.

“Though India has introduced the provision of section 3 (d) in its patent law, it has not been implemented uniformly, which is important,” says a representative of Medecins Sans Frontieres in India, which campaign for access to essential medicines across the world.

According to Sengupta, it is not enough to have section 3 (d) theoretically, implementation of the provision is important which will happen only through proper examination of grants.

More recently, the government granted compulsory licence to domestic drug maker Natco allowing it to manufacture the generic version of Bayer’s anti-cancer drug Nexavar, even as the latter has a patent on it. The move is aimed at safeguarding public interest as Nexavar is an expensive drug.

Experts say pharmaceutical companies in India need to be IP conscious. “The pharma industry is going to be affected in the next 15-20 years due to IP issues. Therefore, the companies need to be IP conscious now,” says Prathiba M Singh, patent and trade mark attorney and managing partner of Singh & Singh Law firm.

#### **Business opportunities for Spanish companies in India discussed**

Manubens, a Law firm in Spain and a member of the EICC (and a representative for the Spanish Chapter of EICC), in collaboration Foment del Treball Nacional (Catalan association of employers) and CEIM (Madrid Confederation of Employers and Industries) recently held its inaugural seminar in Barcelona and Madrid to promote the business opportunities for Spanish companies in India.

Attended by over 220 delegates from a spectrum of different industries, the seminar discussed at raising the awareness of the opportunities which exist in the Indian economy and provided an insight into how Spanish companies could prosper.

The seminar discussed looked into the detail of the attractiveness and lure of the Indian market to Spanish companies. Key speakers came from a range of Institutes including Mrs Mandeep Johal (Head of Manubens India Desk), Mr Gour Saraff (Director of Europe India Chamber of Commerce), Mr Michael Kappler (IVC Consultants) and Mr Suman Khaitan (Managing Partner of Khaitan and Partners in New Delhi).

Guest speakers also included Mr Sunil Lal, Indian Ambassador in Spain and Mr Ramon Moreno CEO of Casa Asia. Speakers gave their own professional insight into one of the leading global economies. Manubens, a legal firm with offices in Barcelona and Madrid, were one of the key organizers of the event. Having carried out its own market research, it identified that there was a demand from Spanish companies looking to exploit the Indian market. This demand has led to the inception of the Manuben India Desk.

Presently, there are around ten major Spanish companies working in India. Sectors where tie-up and expansions are happening in Indian market are consumer goods, travel, tourism, energy, banking, construction and retail, with renewable energy being most dominant among them. Some of the well-known Spanish companies in India are Acciona (Wind energy), Gamesa (10% of wind energy projects in India) – in a joint venture with Caparo, a London based company and Inditex (with its brand Zara and Mango). On the other side, Indian companies have also entered the Spanish market in Pharmaceuticals, IT Services, Energy and automobile industries. Financial sector has been identified as major growth area of India. Apart from these, following sectors have been identified as, priority sectors where Indo-Spanish joint

ventures can happen in the future: Infrastructure, energy, agriculture, automobile components, information Technology, pharmaceuticals, textile and tourism.

Spanish king Juan Carlos I, who is on a four-day visit to India and is accompanied by a business delegation, on 25 October invited Indian investment to his country which is struggling under financial turbulences. "India is a great nation with growing influence in this increasingly globalised world," the king said while addressing a luncheon meeting with business leaders in Mumbai.

The Spanish delegation comprised chief executives from across sectors like renewable energy, infrastructure and public transport, as also the European nation's ministers for foreign affairs and co-operation, defence, industry, energy and tourism.

Indo-Spanish trade in 2011 was close to USD 5 billion, a growth of almost 18 percent over 2010. Spanish investment into the country is over USD 1.3 billion, while the investment into Spain is valued at around Euro 605 million.

Spain is among most-indebted Eurozone nations facing the sovereign debt crisis.

Spain has strong economic relations with India, Carolos said. "In the past few years, these relations have become closer, but there is certainly still room for improvement and growth."

Addressing potential concerns over the economic situation in Spain, he said, "we are carrying out far-reaching economic policy measures, and these have already begun to bear fruits" and invited Indian businesses to explore investment opportunities in Spain.

The King further said Spain's balance of trade will present a "significant surplus" in 2012.

#### **European PE firm acquires pharmaceutical company Amdipharm for \$590 million**

Leading European private equity firm Cinven is buying family-held pharmaceutical company Amdipharm Group for £367 million (\$590 million).

Amdipharm will operate initially as a standalone business but, over time, Cinven will look to merge Amdipharm with its existing portfolio company, Mercury Pharma, which it acquired in September 2012. The founders of Amdipharm will retain a significant minority stake in the combined business going forward.

Amdipharm was founded in 2002 by Vijay and Bhikhu Patel, who have seen their business grow from a single chemist shop in Essex to an annual turnover of over £110 million. Through strategic acquisitions, Amdipharm offers over 50 products in more than 80 countries, including drugs for nausea, skin disease, prostate enlargement and thyroid problems.

By merging Amdipharm with Mercury, the two businesses will generate annual revenues of over £200 million. Cinven said that the combination demonstrates the execution of its consolidation strategy within the niche pharmaceuticals sector.

Mercury and Amdipharm each market mature, niche pharmaceuticals, both branded and unbranded. The businesses are highly complementary as Mercury's customer base is largely UK focused, whereas Amdipharm has a significantly greater international business.

Vijay Patel, chairman of Amdipharm, said "Bhikhu and I have enjoyed enormously building the Amdipharm business and growing it into the international player it is today. We firmly believe that now is the perfect time to take the business to the next level, making the business more scalable, through a combination with Mercury. We have been impressed by the Cinven team's sector expertise and their vision to grow the overall business. As such we are delighted to partner with them going forward."

"Our acquisition of Amdipharm is completely transformational. It not only doubles the size of the combined group in terms of revenue and profitability but, importantly, creates a truly global business. This investment is another example of our ability to source proprietary opportunities through our dedicated sector expertise," said Supraj Rajagopalan, partner at Cinven.

Founded in 1977, London-based Cinven is a leading European private equity firm, which acquires European companies that require an equity investment of €100 million or more.

### **India slips 3 places in global competitive index**

India's ranking declined by three places to 59th position in the Global Competitiveness Index 2012–2013 of the World Economic Forum (WEF) owing to "disappointing performance" in the basic factors underpinning competitiveness.

The country, which was once ahead of Brazil and South Africa, now trails them by some 10 places and lags behind China by a margin of 30 positions.

The global list was topped by Switzerland for the fourth consecutive year, followed by Singapore in second position and Finland in third position, which overtook Sweden (4th).

Among the top ten competitive countries, the Netherlands was ranked in the 5th place, followed by Germany (6th), the United States (7th) and United Kingdom (8th), Hong Kong (9th) and Japan (10th).

"India continues to be penalised for its disappointing performance in the areas considered to be the basic factors underpinning competitiveness," the report said.

The report noted that India's infrastructure is largely "insufficient" and "ill-adapted" to the needs of the economy. Moreover the country also faces problem areas such as corruption and bureaucracy.

WEF however, said that despite "challenges", India does possess a number of strengths in the more advanced and complex drivers of competitiveness.

"India can rely on a fairly well developed and sophisticated financial market that can channel financial resources to good use, and it boasts reasonably sophisticated and innovative businesses," WEF said.

Among the large economies, despite a slight decline in the rankings of three places, the People's Republic of China (29th) continues to lead the group.

Of the others, only Brazil (48th) moves up this year, with South Africa (52nd), India (59th) and Russia (67th) experiencing small declines in rankings, the report said. On social sustainability-adjusted global competitive index, India is the worst performer among the BRICs.

The report said only 34 per cent of the country's population has access to sanitation. Besides, high unemployment rate coupled with weak official social safety nets makes the country "vulnerable" to economic shocks.

Meanwhile, other emerging markets, such as developing Asia, will continue to show robust growth rates, while the Middle East and North Africa as well as sub-Saharan African countries are gaining momentum, it said.

Commenting on the findings, World Economic Forum Founder and Executive Chairman Klaus Schwab said "persisting divides in competitiveness across regions and within regions, particularly in Europe, are at the origin of the turbulence we are experiencing today, and this is jeopardising our future prosperity.

Meanwhile, other emerging markets, such as developing Asia, will continue to show robust growth rates, while West Asia and North Africa as well as sub-Saharan African countries are gaining momentum, it said.

Commenting on the findings, World Economic Forum Founder and executive chairman Klaus Schwab said "Persisting divides in competitiveness across regions and within regions, particularly in Europe, are at the origin of the turbulence we are experiencing today, and this is jeopardising our future prosperity."

"The Global Competitiveness Index provides a window on the long-term trends that are shaping the competitiveness of the world's economies. In this light, we believe it offers useful insight into the key areas where countries must act if they are to optimise the productivity that will determine their economic future," added Xavier Sala-i-Martin, Professor of Economics, Columbia University, USA.

### **India received \$66.13 billion in remittances in 2011-12**

The remittances to the country through private transfer of funds have been on the rise in the last few years. India received over USD 66.13 billion in remittances in the year 2011-12 as compared to USD 55.62 billion in the previous, a hike of 19 per cent.

"We have received USD 66.13 billion in remittances in 2011-12," Minister for Overseas Indian Affairs Vayalar Ravi said in a written reply to a question in Lok Sabha, Lower House of Parliament.

The remittances to the country through private transfer of funds have been on the rise in the last few years.

India received USD 53.63 billion in 2009-10 while in 2008-09, the amount was USD 46.9 billion.

Quoting a recent study conducted by Reserve Bank of India, he said remittances from Gulf countries accounted for an average 27 per cent of the total remittances to India during the first half of 2009-10.

Listing initiatives to benefit overseas Indians, he said government has launched the "Mahatma Gandhi Pravasi Suraksha Yojana" to help in resettlement of the overseas Indians on their return to the country.

"By providing a co-contribution from the government, this scheme encourages and enables overseas Indian workers to save for their return and resettlement and to save for their old age. This also provides a free life insurance cover against natural death during the period of coverage, under the scheme," he said.

The scheme is for Indian workers holding Emigration Check Required (ECR) passports and a valid work permit in an ECR country. As per the Emigration Act 1983, Emigration Check Required (ECR) categories of Indian passport holders need to obtain "Emigration Clearance" from the office of Protector of Emigrants (POE) for going to 18 countries.

The countries where ECR is mandatory include United Arab Emirates, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain, Malaysia, Libya, Jordan, Yemen, Sudan, Brunei, Afghanistan, Indonesia, Syria, Lebanon and Thailand.

### **India only BRICS country with no institute in world's top 200**

If the PISA rankings exposed the poor quality of education in India's schools, the "QS World University Rankings" for 2012 released today showed that our universities and even "institutes of excellence" do not fare any better when compared to their international counterparts.

Not a single Indian university or institute has made it to the top 200 of the Quacquarelli Symonds (QS) rankings — the most reputed global rankings of institutes for higher education.

In 2010, IIT-Bombay was ranked 187, but dropped to 225 last year. This year it is down to 227.

"India remains the only BRICS nation without a university in the top 200. Two of the leading three institutions, IIT- Delhi (212) and IIT-Kanpur (278), have improved on their 2011 positions. Yet the comparison with other BRICS nations remains unflattering," writes Danny Byrne, editor of topuniversities.com — the QS rankings website.



Among the top 10 institutes are the Massachusetts Institute of Technology (MIT) in first place, followed by the University of Cambridge, Harvard University, University College London (UCL), University of Oxford, Imperial College London, Yale University, University of Chicago, Princeton University and California Institute of Technology (Caltech) in that order.

From Asia, those in the top 50 include University of Hong Kong (23), National University of Singapore (25), University of Tokyo (30), Kyoto University (35), Seoul National University (37), Chinese University of Hong Kong (40), China's Peking University (44), Singapore's Nanyang Technological University (47), China's Tsinghua University (48) and Japan's Osaka University (50).

China has seven institutes in the top 200 list.

Even in the Asia rankings, which is topped by the Hong Kong University of Science & Technology, India has just 11 institutes in the top 300 while China, Singapore and South Korea continue to surge ahead. Nine Chinese institutes have moved up the ranks with Peking University ranking better than the University of Tokyo.

"We see India once again under-performing, with only 11 universities in the rankings, the vast majority of which are various Indian Institutes of Technology. Internationalisation has been identified as a key issue," says a QS analysis of the Asian rankings.

The discipline-wise rankings present a slightly better picture with the IITs ranking among the top 50 engineering institutes. Delhi University too finds a place in the top 50 universities offering English Literature and Linguistics among others.

#### **India to see 242,000 millionaires by 2017: Credit Suisse**

India is expected to see a substantial jump in the number of millionaires in the next five years as the total tally for the super rich in the country is likely to touch 242,000 by 2017, a report says. According to a Credit Suisse Research Institute's Global Wealth Report, the number of millionaires in the country in 2012 stands at 158,000, which is likely to swell to 242,000 by the year 2017, registering an increase of 53 per cent.

The report also highlighted the stark inequality in the country as almost everyone in India (95 per cent) has wealth below USD 10,000 (about Rs 5,30,000), while at the other end a very small proportion of the population (just 0.3 per cent) has a net worth over USD 100,000.

"While wealth has been rising strongly in India, and the ranks of the middle class and wealthy have been swelling, not everyone has shared in this growth and there is still a great deal of poverty," the report said.

According to Credit Suisse, India has 237,000 members of the top 1 per cent of global wealth holders. There are 1,500 UHNW individuals with wealth over USD 50 million and 700 with more than USD 100 million. In the period under consideration from 2012 to 2017, the number of millionaires worldwide is expected to increase by about 18 million reaching 46 million in 2017 from 28 million in 2012.

Though the number of millionaires in emerging economies is still well below the level in the USA (16.9 million) and Europe (15.4 million), "it is expected to increase substantially in the next few years", the report said.

China could see its number double by 2017, raising the total to almost two million. A substantial increase in the number of millionaires in Brazil is also expected and it could add 270,000 millionaires by 2017, Credit Suisse said.

Others in the emerging market economies, which are likely to see a large addition in the number of millionaires include Mexico (a rise of 112,000) and Indonesia (103,000). Singapore is expected to add 93,000 millionaires, while India will see an addition of 84,000 millionaires.

Moreover, the number of millionaires in transition economies is predicted to rise substantially over the next five years, reaching more than 200,000 in Russia, 78,000 in Poland and 40,000 in the Czech Republic

### **OECD in talks with Indian government to open OECD office in New Delhi**

The Organisation for Economic Co-operation and Development (OECD) is engaged in advanced talks with the Ministry of External Affairs to open an India office. The possibility of India joining it is also on the cards, though that could be the long-term outcome of an ongoing dialogue.

The OECD, with headquarters in Paris, is one of the world's largest forums for nations to work together to promote policies to improve the economic and social well-being of people.

A OECD team - Secretary-General Jose Angel Gurría; Senior Adviser Federico Giammusso, Director-Global Relations Lamia Marcos Bonturi; Adviser to the Secretary General Kamal-Chaoui – recently visited New Delhi for the Fourth OECD World Forum on Statistics, Knowledge, and Policy to discuss ways of measuring well-being and how it can contribute to effective and accountable government policy.

The speakers include Nobel Prize-winning economist Joseph Stiglitz; Minister for Rural Development Jairam Ramesh; Costa Rica's Vice-President Luis Liberman; Chandran Nair of the Global Institute for Tomorrow; Jeffrey Sachs, Director of Earth Institute, Columbia University; Montek Singh Ahluwalia, Deputy Chairman, Planning Commission; and India's Chief Statistician T.C. A. Anant.

India is among five countries, others being Brazil, China, South Africa and Indonesia, where the OECD has established a process of "an enhanced engagement" with the possibility of membership, based on an OECD Ministerial Council mandate. It recently submitted three reports on Indonesia's economics, regulations and agricultural sector. In China, along with the WTO, it recently completed a detailed report on trade and value-added services. The OECD's prescription for India is that it should not be overly obsessed with China, since in the long run India's growth will be sustainable and durable and is impacted by its democratic character, while its weakness lies in delayed decision-making due to excessive deliberation.

Furthermore, the OECD recently announced that the information technology sector will boom during the downturn - good news for India's IT companies and Nasscom. It has said the total ICT spend will reach \$4,406 billion in 2012, of which 58 per cent will be on communications services and equipment, 21 per cent on computer services, 12 per cent on computer hardware and 9 per cent on software.

Deeply concerned at the global economic slowdown, the OECD believes that this is the fifth year of the crisis. There is additional concern at trade flows having slowed down; while the world economies came out of the low point in 2009, growth seems to be dipping once more with the slowdown back again.

### **Almost 70% of employed persons in the EU27 worked in the service sector in 2011**

According to the latest Labour Force Survey, almost 70% of employed persons (which includes both employees and self-employed) in the EU27 worked within the service sector in 2011, compared with 62% in 2000. Market services<sup>1</sup>, such as trade, transportation, financial activities etc. accounted for 39% of persons employed in 2011, while mainly non-market services, such as public administration, education, health etc. accounted for 30%. The industry and construction sector accounted for 25% and agriculture for 5%.

This information comes from a publication issued by Eurostat, the statistical office of the European Union, based on the 2011 results of the European Labour Force Survey. This survey contains data on employment and unemployment, as well as on a large range of other indicators related to the labour market, of which a selection is shown in the News Release. It should be noted that LFS data refer to the resident population and therefore LFS results are for the country of residence of persons in employment, rather than their country of work. This difference may be significant in countries with large cross-border flows.

Nearly 40% of employed persons worked in industry in the Czech Republic and Slovakia

There is a considerable difference between Member States when comparing employment by sector. For agriculture, the share varied from less than 2% of persons employed in Malta, Luxembourg, the United Kingdom, Belgium and Germany to 29% in Romania, 13% in Poland and 12% in Greece.

For industry, the proportions ranged from 13% in Luxembourg and 17% in the Netherlands to 38% in the Czech Republic and 37% in Slovakia. In the market services sector, the shares varied from 26% in Romania and 34% in Poland to 45% in Ireland and Cyprus. For mainly non-market services, the proportions ranged from 16% in Romania and 22% in Bulgaria to 42% in Luxembourg and 38% in Denmark and the Netherlands.

Weekly working hours for full-time employees ranged between 37.7 hours in Denmark to 42.2 hours in the United Kingdom

On average in the EU27, employees working full-time usually worked 40.4 hours a week in 2011, with women averaging 39.3 hours and men 41.1 hours.

The longest weekly working hours for full-time employees were observed in the United Kingdom (42.2 hours), Austria (41.8), Cyprus and Portugal (both 41.1), and the shortest in Denmark (37.7), Ireland (38.4), Italy (38.8) and the Netherlands (39.0). In all Member States, men had longer working hours than women among full-time employees.

Share of employees with fixed term contracts ranged from 2% in Romania to 27% in Poland.

The proportion of employees having a contract of limited duration in the EU27 increased from 12% in 2000 to 15% in 2007 and then dropped slightly to 14% in 2011. Female employees (15%) had a slightly higher proportion of fixed term contracts than men (14%) in 2011. The share of employees having a contract of limited duration varied considerably between Member States, with the highest shares in Poland (27% of employees), Spain (25%) and Portugal (22%), and the lowest in Romania (2%), Lithuania (3%), Bulgaria and Estonia (both 4%).

### **Enterprise Europe Network reaches India and Canada, expands in China**

The Enterprise Europe Network is opening the doors for small- and medium-sized enterprises (SMEs) to key international markets, with new branches to open in India and Canada and a reinforced presence in China. This was announced at the Network's annual conference in Cyprus on 22 October. India is the latest country set to join the Network, with three new centres to start operating in New Delhi. An office will also shortly open in Canada, while four new branches in Shanghai and Nanjing have brought China's total to 27. The EU-funded business and innovation support network, based in close to 600 local organisations in 52 countries, eases the way for companies to start trading abroad, find business or technology partners and access EU funding. Its presence in Europe, the Middle East, Asia and the Americas gives SMEs a foothold in established and emerging global markets.

European Commission Vice President Antonio Tajani, Commissioner for Industry and Entrepreneurship, said: "Europe's small and medium-sized enterprises (SMEs) need access to the global economy if they are to flourish. The Enterprise Europe Network has a strong track record in supporting small business overseas, where EU SMEs have the opportunity to benefit from new export markets, foreign partnerships and cross-border clustering. These new Network branches in Asia and Canada will create even more opportunities for companies."

Set up in 2008, the Enterprise Europe Network has been in contact with more than two million SMEs each year. For the partnership services, on average, the impact on turnover was 220 000 EUR per company. The total impact on sales growth is estimated at € 450 mio. The Network's partnership services generate about 1000 additional jobs every year. The preliminary results of a recent survey of a sample of Network client companies highlight its contribution to jobs and growth:

- Some 44 percent of respondents reported a positive impact on their turnover;

- A quarter of respondents who had found new business partners through the Network said that working with it had created or maintained jobs;
- Almost three-quarters of commercial company respondents said the Network had helped them to access new markets;
- Close to 60 percent of technology company respondents develop a new product, service or process, thanks to the Network.

Four SMEs won Network Stars Awards at the annual conference. These European Commission awards recognise companies who have used the Network to find opportunities abroad, develop their businesses or access EU funding for smart, sustainable and innovative ideas. This year's winners are:

Giving old tyres a new life: The Network helped Polish tyre firm SME Orzeł SA to reach a deal with Austrian company WIL AG to set up a recycling line on its premises in Poland and expand its business abroad.

Linking up to save lives: Having linked up through the Network, Swedish company Biovica International and British SME Sentinel Oncology are researching a promising new treatment against leukaemia, supported by €500,000 in EU funding from the EU's Eurostars programme.

### **Rules in offing to cut red tape for business and consumers in cross-border court cases**

European Commission Vice-President Viviane Reding, the EU's Justice Commissioner, today welcomed a vote by the European Parliament's Legal Affairs Committee (JURI) to support her proposals to help businesses and consumers resolve cross-border legal disputes more easily. The Committee voted to back the reform of rules to determine which national court has jurisdiction in cross-border cases and how court judgements issued in one EU country are recognised and enforced in another. The legislation proposed by the Commission in December 2010 aims to strengthen the Single Market and cut red tape. It proposes to abolish the costly "exequatur" procedure which requires companies to first go through a time-consuming and costly procedure in courts to get a judgement in civil and commercial matters recognised in another EU country. Abolishing this administrative procedure is expected to save businesses and consumers up to EUR 48 million a year. The Committee's report will now pass to the European Parliament's plenary session which is expected to vote on the proposal in November 2012.

*"The new EU rules will ensure consumers and SMEs can settle cross-border legal disputes more quickly and cheaply, with savings of EUR 2,000 to EUR 12,000 in each case," said Vice-President Viviane Reding, the EU's Justice Commissioner. "I would like to thank the European Parliament's Legal Affairs Committee for their support, in particular the rapporteur Mr Zwiefka, and the Cypriot EU Presidency. I hope the European Parliament will now give our reform backing in plenary too so that we can move forward to early adoption of the Regulation. We have no time to waste: removing bureaucratic obstacles that impose extra costs and legal uncertainty on businesses is key for the creation of a European area of justice that makes our single market – the EU's engine for growth – more attractive."*

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